

horrible hostage-taking situation in Saudi Arabia, where terrorists attacked foreign oil workers and their families. I think we all know that foreign workers have been an integral part of the workforce that produces oil and maintains the infrastructure for oil in Saudi Arabia. These cowards did not attack refineries or terminals or pipelines this time. Those hard assets are supposed to be well guarded and could be replaced. I am not sure they are so well guarded. Instead, the terrorists chose human targets to cripple the world's access to oil supply. Thank God that about 50 of the hostages were rescued, but we mourn the more than 20 lives lost in this terrorist attack.

In the short run, this attack on foreigners and office facilities does not affect physical supply, but it can harm future output and expansion. Investment will be eroded if there is instability.

These terrorist attacks are a frightening warning that terrorists may be only steps away from destroying significant Saudi or other Middle East production facilities. I believe America should be more worried about that than anything else affecting our economic well-being.

It is actually a shame that we sit around and talk and do nothing to make America better prepared. Does anybody doubt that the terrorists, if they can get in and destroy an office full of people, are not prepared to do some real damage to the oil supply and the infrastructure, the tankers, and all the other things? I believe they are.

Terrorists' actions intensify concerns about the vulnerability of oil markets to supply disruption. We saw the price jump \$2.45 following the weekend attack, and there are indicators in the future market that those who invest in that market are investing in it heavily, which means they are gambling in a forthright and intelligent way that oil will go up even more.

Instead of oil coming down because of good economic realities, the one thing that is happening is oil is going up. We saw that jump, and before the weekend attack, oil prices were back under \$40, seemed to be moving a bit down in anticipation of the OPEC meeting on June 3.

Daniel Yergin, chairman of Cambridge Energy Research Associates, remarked that the signs of increased OPEC production were calming the market, but the weekend attack has again increased a sense of risk and nervousness that has done so much to propel the prices to \$40.

Fears and worries of terrorist sabotage attacks and political unrest have translated into a risk premium of \$7 to \$10 per barrel. This so-called risk premium is one of the reasons why the prices are as high as they are today.

Given that we live in a world of increased risk, particularly with mounting security worries in the Middle East, it is imperative that we take responsible steps to ensure our energy se-

curity today and in the future. Today, our energy security requires an emergency supply of oil in the event of severe disruption. Saudi Arabia is the largest OPEC producer and the OPEC country with the largest extra capacity to increase supplies. A major disruption of Saudi oil that we cannot respond to with the SPR would harm our energy security and the economy far more than \$40 a barrel of oil.

The President is right to preserve the Strategic Petroleum Reserve for times of dire need, not as a political gesture to abate high prices. And, yes, while prices are high today and they do hurt, today's prices are still below the energy prices America has borne in past years.

The SPR is designated and designed to be a national security asset, a national security blanket. It is not there to deal with supply and demand imbalance, which is the true source of higher prices.

What we have today is a long-coming trend of tightening supply and increasing demand. Changing our treatment of SPR cannot fix that problem. I fear that changing SPR policy will actually end up hurting us. What do my colleagues think OPEC would do if we suddenly changed SPR policy? From their standpoint, they could easily solve that by changing their output response. It would not take much, just a little bit, and they would negate any significant positiveness that comes from releasing SPR oil.

We have 660 million barrels of oil in SPR. We import 11.5 million barrels a day. About 5 million of those 11.5 million barrels a day are from OPEC. That means we have about 60 days' supply if there is a complete disruption to our imports and about 120 days' supply if only OPEC supplies were interrupted. SPR is not there just to deal with potential Middle East supply problems.

Weather forecasters predict an intense hurricane season for the Atlantic and gulf coasts, which would affect domestic and natural gas. As I see it, it is a shame that we are not ready to produce an energy bill and that we are still debating what this Senator likes, what that Senator likes, what the Democrats like. We have tried very hard to accommodate, but we cannot. SPR is our insurance policy against natural disasters as well as supply interruptions. We need SPR full and ready to serve in the event of an emergency. Past experience has taught us that trying to use it as a price control does not work. The bottom line is that changing our treatment of SPR does not lead to quick fixes in the market.

The energy bill that I have been fighting to pass in the Senate is about future energy security. The energy bill is not about quick fixes to the oil and gasoline market; it is a policy plan to move us into the future with a broader portfolio of resources and improved supply and demand balance. The energy bill will increase natural gas and domestic oil production that helps balance supply with growing demand.

The Energy bill will remove the 2-percent oxygenate mandate, which will make it easier to refine and easier for refineries to make gasoline that can be traded between regional markets. It is clearly very positive for America.

The Energy bill addresses the proliferation of boutique fuels. There are a number of State-specific gasoline formulations that have made refining more challenging and market efficiency poorer. The Energy bill will promote further research in hydrogen power that is the potential future for transportation. We have to get started. The longer we wait, the more we risk being blamed for an American disaster.

I will keep coming to the Senate floor to drive home the point that we need to pass an energy bill. Someone called today's energy situation "a crude awakening." It is, indeed. It is time for us to wake up and do something about it. The American public deserves action. They deserve an energy policy that takes care of them today and in the future.

I believe there is a real probability that those who lead our country today, including the Senate—perhaps excluding those who have tried, those who have voted for a new policy—but I believe there is a chance that the leaders of today will be blamed for the disasters of tomorrow. They will not be little disasters if, in fact, we cannot stop the terrorists from their activity. I believe the leaders of Iraq are optimistic, and I am glad because they want terrorists out of that country. But terrorists are everywhere. Believe you me, they are in Saudi Arabia. Believe you me, that is fragile. Believe you me, they are looking at the fragileness of the Saudi situation. I believe they can almost do what they like. They are close. I understand they know what is going on in the oil patch of Saudi Arabia. I am very worried. Frankly, I don't want to go down in history, when this event happens, and have it said we did nothing. I will continue to try. Many in this body will continue to try to make America's energy portfolio more diverse, with different uses so we can face the future with a little more hope.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

#### NATO

Mr. SMITH. Mr. President, it is hard to turn on the television without seeing the stirring images of the Allied landings on D-Day. I think in the heart of every American there swells a pride in these scenes, and what was accomplished on that day truly stands as one of the most historic achievements in recorded history. I think what was on display on D-Day with our Allies was a commitment to freedom, a commitment to the rule of law, a commitment to humankind that has made this world a better place in which to live.

As I reflect on these images, which we will share with our European allies,

I am also, unfortunately, reminded of what I experienced this last weekend in Bratislava, Slovakia, at the NATO Parliamentary. It has been my privilege since being a U.S. Senator to participate in many NATO Parliamentaries. This time, the majority leader, Senator FRIST, asked me to chair our trip to this important meeting. It is the first time I have gone when I have been the only Senator in attendance. I hope that does not mean there is less of an interest in security. I think, unfortunately, what it means is the many claims on the time of Senators begin to compete with what is increasingly becoming regarded as an institution of diminishing value. I think that is unfortunate.

Before I left, I read a book by Robert Kagan. It is a small book, but its message is powerful and important. The title is "Of Paradise And Power: America and Europe in the New World Order." Basically, the message is that the values that bring NATO together in the first place, the values that have held it together through the cold war, are values that are changing now and stressing NATO in ways that many are unwilling to face up to.

For the RECORD, I would like to read the first paragraph. I think it says very clearly the problem. Says Mr. Kagan:

It is time to stop pretending that Europeans and Americans share a common view of the world, or even that they occupy the same world. On the all-important question of power—the efficacy of power, the morality of power, the desirability of power—American and European perspectives are diverging. Europe is turning away from power, or to put it a little differently, it is moving beyond power into a self-contained world of laws and rules and transnational negotiation and cooperation. It is entering a post-historical paradise of peace and relative prosperity, the realization of Immanuel Kant's "perpetual peace." Meanwhile, the United States remains mired in history, exercising power in an anarchic Hobbesian world where international laws and rules are unreliable, and where true security and the defense and promotion of a liberal order still depend on the possession and use of military might. That is why on major strategic and international questions today, Americans are from Mars and Europeans are from Venus: They agree on little and understand one another less and less. And this state of affairs is not transitory—the product of one American election or one catastrophic event. The reasons for the transatlantic divide are deep, long in development, and likely to endure. When it comes to setting national priorities, determining threats, defining challenges, and fashioning and implementing foreign and defense policies, the United States and Europe have parted ways.

What we don't realize at an official level is how badly we have parted ways.

But what Mr. Kagan wrote, I observed in starkest and tragic relief in Bratislava, Slovakia. It was not all bad. I would describe what I saw, in the language of that great Clint Eastwood western—I think the Europeans would hate a reference to a western in a speech like this—but that title was "The Good, The Bad, And The Ugly."

There was much good. Let me tell you, for me, first and foremost was the

good that the British representatives did. I say thank God for the Brits and for a strong leader like Mr. Blair. They continue to provide a bridge between an America and a Europe going in different directions. It is sometimes difficult for them, but their hearts are stout and their backs are strong and they are great Allies. They were on D-Day and they are still on this day.

Second, another good: The first meeting I attended was about the NATO-Russia relationship. The Russians made a presentation. It was great to be in a room where we were talking about issues in which Russia, though out of NATO, was able to communicate with NATO, express its feelings, its concerns. But then, after they made their presentation, some of the things they said caused me to wince. I was about to make a comment to contest a few of the points they had made, but I didn't need to. An Estonian did it for me, then a Latvian, then a Pole. They contested as equals—equals of Russia—things which they said were not the truth, not factual, not real, and certainly not the whole story.

It was thrilling to see. I asked myself as I watched this, Why is this happening? Why can an Estonian stand on equal ground with a Russian and debate as an equal? It occurred to me with great clarity: Because of the U.S. military's marriage to NATO and because the U.S. military continues today what it did from the founding, that visionary founding by Congress and Harry Truman; that is, to put actual bullets in our budgets to provide an umbrella of security for Europe that was credible to the Soviet Union. It was a thrilling thing to see.

I remember when I first came to the Senate and I was on the Foreign Relations Committee. I was given an assignment to help pass the first expansion of NATO, postfall of the Berlin Wall. Many of the questions raised were: What will this do to Russia coming out of communism, trying to come into the Western world? What will it do to a fragile democracy they are trying to build? Isn't this just cold war? And yet some of us said, while we respect those concerns, these new members—the Poles, the Czechs, the Hungarians—are needed for new blood in NATO because we were getting stale and we needed their input. We needed someone in membership to understand what the boot of tyranny on the back of the neck was like, and they did, as we all know.

We won that debate. The vote was large. It was lopsided. But it took a lot of work to make that argument successful. We did succeed and NATO was expanded indeed through these countries, each of which had suffered greatly under the Soviet Union at various times when they had uprisings.

But now I have to say that what we promised would happen in these countries has actually occurred. You have Slovakia, the Czech Republic, and Romania. These are not perfect democ-

racies. But guess what they are. They are now democracies. They are pursuing the rule of law. They are allowing free enterprise. They are developing emerging middle classes. They have become job magnets for European capital. They are joining the European Union. They are now part of the free world. And the lever was NATO. But that is the good.

Now I have to tell you what I thought was bad.

Two reports were given on Saturday. They were not my reports. One was made by a German and one was made by a Frenchman.

The first report was about the post-9/11 commitment that NATO had made with respect to Afghanistan. You will remember the only time article V has ever been invoked was after 9/11. We had been attacked. Article V says if member countries are attacked, it is an attack on all.

In response to that attack and the issuance of article V, NATO was supposed to go to work. And they made commitments, according to this report, of things they would do in Afghanistan.

According to the report which I listened to, it was readily admitted that a reasonable attempt was made at the first commitment and that the other three were not even attempted and were utter failures.

That is what their report said. That is what I heard.

They went on to cite the fact that helicopters were needed. Lift was needed so their soldiers could actually participate, but that the member countries of NATO wouldn't send any helicopters. The troops they were sending came with such operational restrictions by their governments that all they could do was defensive work. They couldn't help in the war. They were restricted by their governments from making a contribution.

Let us say the Americans were fired upon. They couldn't help. If they were fired upon, they could fire back. That is what the report said. I was stunned to hear it. But that is what I heard—four commitments; three were utter failures and one attempt.

The next report was made by a Frenchman who talked about the exciting development in the European Union to develop a European defense initiative in which they would develop rapid response forces that could do what he described as "St. Petersburg tasks." Lipservice was given that this could be done with NATO. But when you consider what was supposed to be done with NATO in fulfilling the earlier commitments, these St. Petersburg tasks had nothing to do with that and were completely unrelated to what NATO needed them to do.

What I heard bad was there was soaring rhetoric, everybody there talked about their superpower, and everybody knew their budgets. While this rhetoric was going north, their budgets were heading south. It was scary.

I made the comment that if they were going to fail in their first responsibility and divert limited resources to

a new initiative connected to the EU and leave NATO hollow, that would have a serious negative impact on America's commitment to NATO—and it certainly would to this Senator's commitment to NATO. There was just quiet when I responded in that fashion.

The French reporter who was making this report about the new European defense initiative noted how critically poor America was at peacekeeping, and what a poor job we do at rebuilding a country. I never thought that was true with Japan or Germany.

Then a Brit responded to him. She said she had recently been in Bosnia and it is fact that NATO is going to turn over its operational responsibilities in Bosnia to this European force. She said she heard the Kosovars said, We don't trust the EU, we trust the Americans, which certainly flies in the face of the charge that we are no good at peacekeeping. I thanked her for noting what I did not have to say. The Kosovars and the Albanians believed their freedom came from American efforts—not European Union efforts.

Those are the bad things. Let me tell you about the ugly things.

When I left on Sunday to fly home, I reflected upon 9/11 and the article V guarantee that had been issued and how the European Union had not been able to, or our members in Europe had not been able to, fulfill their Afghan responsibilities. I thought about how unfair it was to mothers of American troops, and we as a government have said credibly so that Estonians can talk to Russians as equals that if they are attacked we will go to war—thermonuclear war, if necessary. But if the United States is attacked, the response in Afghanistan—a NATO commitment—has been we will apply defense for ourselves, and we will fall short of fulfilling our promises.

That is the first ugly thing—the first ugly realization I left with.

The second was this: I heard from country after country in Central and Eastern Europe how they were being pressured as new members of the European Union not to be cooperative with America on security issues.

That makes me angry. I think that is really ugly.

I was reminded of the Commissar about a year ago when these new NATO members put an article in the Wall Street Journal saying they stood with America on the war on terrorism and the President of the French Republic fearing these new countries would be a Trojan horse for the Americans and a challenge to the Franco-German leadership of Europe that was opposing the American effort—that somehow they had not acted “well-born.” Those are his words.

He went on to add, warning: I was sad to learn, that is being administered in subtle but powerful ways to these new EU members. He said it could cost them membership in the EU. It has not done that.

Then Chirac said:

Beyond the somewhat amusing or childish aspects of the matter [the matter being the letter of support in the Wall Street Journal] . . . it was dangerous. It should not be forgotten that a number of the EU countries will have to ratify enlargement by referendum. And we already know that public opinion, as always when it's a matter of something new, have reservations about an enlargement, not really seeing exactly what their interest is in approving it. Obviously, then, [what the central Europeans have done] can only reinforce hostile public opinion sentiments among the 15 and especially those who will hold a referendum. Remember that all it takes is for one country not to ratify the referendum for [enlargement] not to happen. Thus, I would say that these countries have been, let's be frank, both not very well brought up and rather unconscious about the dangers that too quick an alignment with the American position could have for them.

I conclude with the words of Edmund Burke, that nations have no permanent friends, only permanent interests. I also remember the words of Isaiah to ancient Israel, not to lean on a weak reed.

I say to the American people, NATO is not dead, but it is in trouble. As politicians promise you relief through internationalization, I ask the American people to consider reality, deeds, not words and empty budgets.

I yield the floor.

#### RECOGNITION OF THE MINORITY LEADER

The PRESIDING OFFICER. The Democratic leader is recognized.

#### BUILDING A BETTER FUTURE

Mr. DASCHLE. Mr. President, I will use leader time this morning to comment about a number of matters.

I return, as most Members have, from our home States, and I feel a new sense of optimism about what we can accomplish in America for the remaining months of this Congress.

I had the opportunity to visit with South Dakotans of all ages when I was home. I was reminded during those conversations of the hope and resilience that characterize Americans, even in difficult times. The people I talked with spoke frankly about the serious challenges we are facing, but they also expressed a belief that together we can overcome those challenges. And they are right. Their sense of resolve is a great reminder for us all.

When we left Washington for Memorial Day recess, the Senate had ended 5 weeks of procedural wrangling that left many of us frustrated. We accomplished much less than we should have in those 5 weeks. What we did accomplish, though important, took far too long. Remarkably, when we finally did reach agreement on a couple of key issues, some influential voices actually complained. Why? Because bipartisan progress does not suit their political strategy. They would actually prefer Congress do nothing between now and November because they want to blame Democrats for inaction.

When we left for the recess, I was seriously concerned that such political gamesmanship in the Senate could result in a lot of name-calling and finger-pointing this summer but very little progress for the American people. We owe our country more than that.

On Memorial Day, I spoke at a ceremony at a veterans cemetery in my hometown where my father is buried. There were veterans there from my father's war, World War II, from Vietnam, Korea, and the Persian Gulf conflict. There were guests who have friends and family members today serving in Afghanistan and Iraq.

Yesterday I spoke to about 500 young men who were attending Boys State in South Dakota. This is the 35th anniversary of my own week at Boys State. The young men who are part of Boys State this weekend are among the best and brightest in my State. They are there because they are natural leaders. They care deeply about the future of our country. Some of them will no doubt join the military. From the oldest veterans at the cemetery to the youngest delegates at Boys State, the people I talked with at home reminded me Americans have always done what was needed to be done to make a better future.

Congress can do the same now. These are difficult times economically for the middle class. The last time we found ourselves in the situation like this was in 1992. Then, as now, the monthly bills were getting bigger but wages were not keeping up. Then, as now, we were told the economy was getting better. But whatever “recovery” there was did not seem to be reaching the middle class. Then, as now, there was a feeling that leadership was out of touch with what was going on in most of America.

But then, over the next few years, the leadership in Washington, our Government, started putting the interests of the Nation ahead of special interests. We focused on creating jobs and reducing crime and balancing the budget. With the help of the American people we did all three.

Between 1992 and 2000, 22 million new jobs were created. We lowered the crime rate and turned record deficits into surpluses. We restored strength to America's economy and strengthened America's leadership position in the world. We worked with our allies and NATO to confront a ruthless dictator in Europe who was engaged in ethnic cleansing and ended his brutal reign. A victory in Kosovo proved how successful we can be with our friends when we work together and share the burden confronting global threats.

The situation today may be a little tougher and the solutions may be more complex, especially on the international front, but the fundamental truth remains. Americans still know we can work our way out of this. That is the sentiment I heard back in South Dakota. We have done it before; we can do it again.

I am confident the American people will rise to the challenges of today as